WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO

2003 Assembly Bill 862	**Assembly Amendment 1**
Memo published: **March 10, 2004**	*Contact*: **Nicholas Zavos, Staff Attorney (266-1308)**

Under *current law*, extra protection warranties fall under the definition of insurance and are regulated by the Office of the Commissioner of Insurance (OCI). 2003 Assembly Bill 862 provides that the insurance provisions of the statutes do not apply to a vehicle protection product warranty and sets up a system to regulate such warranties. Under the bill, if a person sells or offers to sell a vehicle protection product that includes a warranty, the warrantor must meet several requirements, including making certain disclosures, registering with OCI, and meeting certain conditions of financial responsibility.

Assembly Amendment 1 to the bill broadens the language in certain areas to reflect the fact that the warranties are not necessarily sold separately from the product. The bill states that no warranty may be ". . . sold or offered for sale . . ." unless it meets certain conditions. The amendment changes the language so that no warranty may be ". . . included with a vehicle protection product . . ." unless it meets certain conditions. Similarly, the bill authorizes the commissioner to issue an order that prohibits a warrantor from ". . . selling or offering for sale . . ." a warranty that violates the statute. The amendment changes that to "providing" any warranty that violates the statute. Finally, the amendment clarifies one of the conditions for selling a warranty. The bill states that the purchase price does not have to be preprinted on the warranty. The amendment clarifies that the purchase price of the vehicle protection product does not have to be preprinted on the warranty or sales agreement.

Legislative History

The Assembly Committee on Insurance introduced Assembly Amendment 1 and then recommended its adoption on a vote of Ayes, 14; Noes, 0. The committee then recommended passage of the bill, as amended, on a vote of Ayes, 13; Noes, 1.

NZ:wu